

California Green Stimulus Coalition

Applied Research Center
Association of California Community
and Energy Services (ACCES)
Applied Research Center
Bay Area LISC
California Apollo Alliance
California Building and Construction
Trades Council
California Labor Federation
California League of Conservation
Voters
California Rural Legal Assistance
California Workforce Association
Catholic Charities, Diocese of
Stockton
Center on Policy Initiatives
Central Coast Alliance United for a
Sustainable Economy (CAUSE)
Cesar Chavez Institute, SFSU
Communities for a Better
Environment
East Bay Alliance for a Sustainable
Economy
Efficiency First
Ella Baker Center for Human Rights
Environment California
Environmental Defense Fund
Equal Justice Society
Food & Water Watch
George Koster Consulting
Global Exchange
Green Consultants
Green For All
Green LA (via Jane Paul,
Coordinator, Green Economy
Initiatives)
Greenlining Institute
Grind for the Green
Heal the Bay
Infrastructure Academy
Instituto Laboral De La Raza
Los Angeles Alliance for a New
Economy
Merriwether & Williams Insurance
Services
National Employment Law Project
Natural Resources Defense Council
Planning and Conservation League
PolicyLink
Public Advocates
Sheet Metal Workers Local 104
Sierra Business Council
Sierra Nevada Alliance
Southern California Watershed
Alliance
Sustainable Spaces
The City Project
TransForm (formerly Transportation
and Land Use Coalition)
Urban Habitat
Urban Solutions
US Green Building Council, Northern
Calif Chapter
Working Partnerships USA

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Hon. Elaine M. Howle
State Auditor
555 Capitol Mall, Suite 300
Sacramento, CA 95814

December 23, 2009

Dear Ms. Howle,

The California Green Stimulus Coalition respectfully writes regarding your report evaluating the preparedness of the California Energy Commission (CEC) to administer funds flowing from the American Recovery and Reinvestment Act (ARRA) through the State Energy Program (SEP).

We offer this letter as a coalition of dozens of diverse organizations with a strong commitment to effective implementation of ARRA dollars in California that invests in communities for a long-term green and prosperous future. The California Green Stimulus Coalition provided significant input to the California Energy Commission as it developed its guidelines for how to administer its SEP funds.

We agree that all ARRA funds must be deployed as efficiently and effectively as possible. These precious dollars must lead to the measurable and timely creation and preservation of jobs. Moreover, we would add that *job quality and job accessibility* are as important as *quantity* -- that is, these jobs should pay well, provide benefits, incorporate education and training along aligned career ladders, and be accessible to those vulnerable families and communities in California who have been hardest by the economic crisis.

With this in mind, we respectfully disagree with your statements that the CEC has made “little progress” and is “moving slowly” in implementing its ARRA funding through the SEP. While funding may not be reaching the ground as quickly as some might like, we believe strongly that the CEC has followed an appropriate and necessary – though time-consuming – extensive public process that will result in much more success than would have occurred without such careful attention to stakeholder input. The following observations provide some context to the CEC’s actions.

- Most streams of ARRA funding are going toward previously existing, large-scale federal programs that are firmly established; in other words, “business as usual.” **In the case of the CEC’s ARRA funds, however, there is no business as usual.** In previous years, the State Energy Program has typically received about \$3 million per year in federal funds. However, during the stimulus period, the CEC is responsible for \$226 million in SEP funds. Implementing such a

massive increase requires careful decision-making and stakeholder input to ensure maximum benefits to Californians by being as comprehensive and innovative as possible. Therefore, **the CEC's decision-making process cannot fairly be compared to the administration of ARRA funds in other areas** of the state government where such deliberation is not required – and where, indeed, innovation might even be discouraged.

- **The CEC has, to its credit, facilitated a remarkable process that has invited and incorporated broad input from a wide range of stakeholders** inside and outside of state government. Furthermore, the CEC has accomplished this in a highly compressed timeframe. This has been possible only because of high-quality staffing and dedicated, highly-focused leadership from the CEC (in particular, on the part of Chair Karen Douglas). The ultimate mandate for ARRA funds is “spend it well; spend it fast.” In our estimation, the CEC is accomplishing just this. **It would be inappropriate to criticize or punish the Commission for holding a strong public process; indeed, the alternative would be unacceptable.** No one would or should support the administration of \$226 million of federal funding (in an area with little precedent, given the scale of funds) in a way that lacked transparency or public input. Even with such a process in place, the CEC's decision-making has followed the requirements and timeline established by ARRA, as passed by Congress.
- **Throughout the year, the CEC has been clear and transparent about its plans, the process it would use, and the timeline it would follow for SEP funds.** Public hearings and webinars have provided opportunities for essential input from outside stakeholders into the formation of guidelines for spending. The CEC website is an easily-navigable, frequently updated portal providing a great deal of relevant information, with regular e-mail updates being sent out to the “Recovery” listserv. Additionally, the Green Collar Jobs Council has been a public forum for discussion about the SEP and the state's overall investment of ARRA funds.
- It is salient to note that the California Energy Commission, like most state agencies in California, was provided no additional staffing to administer ARRA funds. In addition to this, state employees have been furloughed three days per month due to an Executive Order from the Governor. **The CEC has performed more than adequately despite a serious staffing and capacity challenge.**
- Finally, on November 24, 2009 (the week before the auditor's report was released) the CEC sent a solicitation over its public listserv to contract for management, oversight, and implementation support for administering the ARRA funds. In particular, they seek support to “identify and implement technical and non-technical options for fraud waste and abuse prevention and detection; evaluate the Energy Commission's existing internal and external financial controls including its contract, grant and loan processes for the implementation of funding awards; assist with overall program support by providing management and auditing, training, technical assistance, reporting and communication services.” This further **illustrates the CEC's commitment to transparency and to ensuring that the ARRA funds are used as effectively as possible.**

As noted in the CEC's response to your draft report, we have every reason to expect that all ARRA funds will be obligated well in advance of federal deadlines.

The California Green Stimulus Coalition does not believe the CEC is exempt from all criticism regarding its administration of ARRA funds. On several occasions, the Coalition has raised concerns publicly and directly with staff about the CEC's decision-making process and results. Indeed, we believe that – like every state agency in California – the CEC can and should do more to ensure that its use of ARRA funds leads to high-quality jobs and creates access for California's most vulnerable communities.

However, we do *not* believe the CEC has violated the public's trust or performed too slowly in its administration of ARRA funds. If anything, the CEC has done a remarkable job of holding a complex, difficult process very quickly and efficiently.

We appreciate your attention to this letter and urge you to consider your analysis of the California Energy Commission in light of the full context of its activities.

Sincerely,
Members of the California Green Stimulus Coalition
(listed on left side of first page)

Cc:

- California State Assemblymember Felipe Fuentes (Chair, Assembly Utilities and Commerce Committee)
- California State Senator Alex Padilla (Chair, Senate Energy, Utilities, and Communications Committee)
- California State Assembly Speaker Karen Bass
- California State Senate President pro Tem Darrell Steinberg
- California State Assemblymember Alyson Huber (Chair, Joint Legislative Audit Committee)
- Michael Peevey, President, California Public Utilities Commission
- Dian Grueneich, California Public Utilities Commissioner
- John Bohn, California Public Utilities Commissioner
- Rachelle Chong, California Public Utilities Commissioner
- Timothy Simon, California Public Utilities Commissioner
- Laura Chick, State Inspector General
- Cynthia Bryant, Deputy Chief of Staff to the Governor, Director of the Office of Planning and Research
- Karen Douglas, Chair, California Energy Commission
- Melissa Jones, Executive Director, California Energy Commission

*The **California Green Stimulus Coalition** includes more than 50 of California's most influential and respected organizations advocating for the environment, economic justice, organized labor and a strong workforce system. As federal stimulus dollars arrive in California, we will advocate for high quality job creation and economic development in the greenest and most equitable way possible. For more information, go online to www.californiagreenstimulus.org.*